

*A Blueprint  
for Economic  
Growth*



**Legislative  
Priorities  
2005–2006**



## IN MEMORY OF



**Richard H. Headlee**  
(1930–2004)



**Jay Van Andel**  
(1924–2004)

## Builders

*I saw them tearing a building down,  
A gang of men in a busy town.  
With a yo heave ho and a lusty yell,  
They swung a beam and sidewall fell.*

*I asked the foreman if these men were as skilled  
As those he would hire if he were to build.  
He laughed and said, "Oh no indeed.  
Common labor is all I need,  
For they can wreck in a day or two,  
What builders have taken years to do."*

*So I asked myself, as I went my way,  
Which of these roles am I to play?  
Am I the builder, who works with care,  
Measuring life by the rule and square;  
Or am I the wrecker who walks the town,  
Content in the role of tearing down?*











ANONYMOUS

This poem was a favorite of Dick Headlee's.  
He would often recite it when giving a speech.  
Mr. Van Andel and Mr. Headlee both previously served  
as chairmen of the Michigan Chamber's Board of Directors.

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## INTRODUCTION

We are pleased to provide you with this copy of the Michigan Chamber's legislative priorities for the 2005–2006 legislative session. These priorities were reviewed and approved January 18, 2005, by the Michigan Chamber's 87-member Board of Directors, which consists of business leaders from throughout the state.

Job providers were directly involved in establishing the Michigan Chamber's 2005–2006 legislative priorities which address 10 issue areas: education quality; energy; environmental quality; health care; human resources; lawsuit abuse; school restructuring; taxes; technology and telecommunications; and transportation. This session's theme is "A Blueprint for Economic Growth." We chose this theme because the companies we represent are builders of products, services and communities. We also chose this theme because the Michigan Chamber is determined to build on our track record of success and play a constructive role in the public policy debate.

"The Michigan Chamber represents over 6,500 job providers throughout the state who work everyday in their communities to provide good jobs for employees and better products and services for their customers," said Morrall Claramunt, Chair of the Michigan Chamber's Board of Directors and Executive Vice President and Secretary of Frankenmuth Mutual Insurance Company in Frankenmuth, Michigan. "The Chamber's legislative priorities for 2005–2006 are intended to help lawmakers and administration officials continue to build on the progress we've made during the past few years to strengthen and diversify Michigan's economy."

"In 2004, the Michigan Chamber conducted a benchmark membership survey in which members were asked to identify which economic issues should be a top priority for the Michigan legislature," said Michigan Chamber President and CEO Jim Barrett. "A substantial majority of Chamber members surveyed identified four high priority issues: attracting new jobs and business; making health care more affordable; keeping taxes down; and handling the state budget deficit." These key issues are at the core of our Blueprint for Economic Growth.

The Michigan Chamber's legislative priorities are not intended to be a catalog of the Chamber's position on every important issue that might come up over the next two years. Rather, they are intended to communicate to businesspeople, the news media, the legislature and administration what state government's top legislative and regulatory priorities should be to encourage job creation and economic growth.



“The voting record of State Senators and State Representatives on these priorities and other key issues that may emerge over the next two years will become the Chamber’s 2005–2006 Job Providers Index, the Chamber’s main basis for determining legislative campaign endorsements,” explained Bob LaBrant, Senior Vice President of Political Affairs and General Counsel for the Michigan Chamber. “Any legislator seeking re-election to the same office who has a 75 percent or better voting record with the Michigan Chamber will be eligible to receive an earned endorsement for election in 2006.”

In closing, although we are optimistic about Michigan’s future and the 2005–2006 legislative session, we note with sadness the recent passing of two past chairmen of the Michigan Chamber’s Board of Directors: Dick Headlee and Jay Van Andel. Both of these extraordinarily successful entrepreneurs helped build the Michigan Chamber through their leadership of the organization during critical periods. The poem on the inside cover of this booklet is a fitting tribute to both gentlemen who will be greatly missed.



**Morrall M. Claramunt**  
Chair, Michigan Chamber Board of Directors  
Executive Vice President and Secretary,  
Frankenmuth Mutual Insurance Company  
Frankenmuth



**Jim Barrett**  
President and CEO  
Michigan Chamber of Commerce



## **MICHIGAN CHAMBER POLICY COMMITTEES AND VOLUNTEER LEADERS**

### **ENERGY, TELECOMMUNICATIONS AND TECHNOLOGY**

#### **COMMITTEE CHAIR: DAN PONDER**

CEO, Franco Public Relations Group, Detroit



DAN PONDER

#### **STAFF CONTACT: RICH STUDLEY**

Senior Vice President, Government Relations  
(517) 371-7659



RICH STUDLEY

The Michigan Chamber's Energy, Telecommunications and Technology Committee focuses on a wide range of legislative and regulatory issues such as electric utility restructuring, broadband deployment, and telecommunications. The primary focus of the committee will be state-level issues under consideration in Lansing; however, the committee may also address related federal issues.

### **ENVIRONMENTAL QUALITY**

#### **COMMITTEE CHAIR: BRIAN EGGERS**

Principal, AKT Peerless Environmental Services, Saginaw



BRIAN EGGERS

#### **STAFF CONTACT: DOUG ROBERTS, JR.**

Director of Environmental and Regulatory Affairs  
(517) 371-7673



DOUG  
ROBERTS, JR.

The Michigan Chamber's Environmental Quality Committee includes air, water, waste management and land use specialists with plant-level and corporate administrative experience. Also serving are environmental consultants and attorneys who work closely with industry, as well as state and federal agencies, on a variety of programs such as permit issuance, implementation of legislation and rules, and compliance.



## **HEALTH AND HUMAN RESOURCES**

### **COMMITTEE CHAIR: JOE ROSS**

President, Communications & Research, East Lansing

### **STAFF CONTACT: WENDY HOFMEYER**

Director, Health Policy and Human Resources  
(517) 371-7678

Basic goals of the 45-member committee are to advocate reasonable proposals to help control health care costs and other employee benefits; encourage and support programs to measure, compare, and improve the quality of health care; develop moderate and responsible proposals to increase access to health care for the uninsured; and work to prevent any further expansion of government-mandated benefits.



JOE ROSS



WENDY  
HOFMEYER

## **TAX POLICY**

### **COMMITTEE CHAIR: JEFF AMMON**

Attorney, Miller, Johnson, Snell & Cummiskey

### **STAFF CONTACT: TRICIA KINLEY**

Director, Tax Policy and Economic Development  
(517) 371-7669

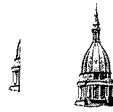
Businesses of all types and sizes are represented on the Michigan Chamber's Tax Policy Committee. Corporate tax managers, attorneys, CPAs, association executives, consultants and others work closely with the legislature, industry and state agencies on a variety of tax-related issues.



JEFF AMMON



TRICIA KINLEY



## **MAJOR ACCOMPLISHMENTS 2003-2004 LEGISLATIVE SESSION**

### **ENVIRONMENTAL QUALITY**

- Successfully lobbied to reduce the fees for Surface Water Discharge Permits (NDPES) by more than half—from \$3.8 million to \$1.6 million—and fees for Groundwater Permits from \$3.6 million to \$1.2 million. **Savings for Chamber Members—\$2.8 million**
- Helped develop two important pieces of legislation designed to protect the water resources without imposing a burdensome and costly permitting program—Public Acts 148 and 177 of 2003. **Savings for Chamber Members—\$100 million**
- Fought back passage of legislation calling for a \$3 per ton tax on solid waste. **Savings for Chamber Members—\$25 million**

### **HEALTH CARE**

- Blocked passage of mental health parity legislation which would have added one to four percent to the cost of health insurance depending on utilization. **Savings for Chamber Members—1 to 4 percent**
- Defeated legislation to eliminate price competition on mail order prescription drugs and increase the cost of employer-provided prescription drug benefit coverage. **Savings for Chamber Members—\$124 million**

### **TAXES**

- Led successful opposition to Administration's proposed tax increases (so-called "loopholes"). **Savings to Chamber Members—\$112 million**
- Successfully opposed Administration proposal to implement permanent estate tax on individuals and job providers. **Savings to Chamber Members—\$130 million**
- Participated in successful effort to block Administration proposal to increase liquor taxes. **Savings to Chamber Members—\$32 million**

The bottom line for the 2003-2004 legislative session: \$525.8 million in total cost savings for Chamber members. Your investment in the Michigan Chamber's business advocacy program produces measurable results!





## EDUCATION QUALITY

**ISSUE:** Improving Student Achievement

**CHAMBER MEMBERS ADVOCATE:**

- A more concerted effort by the State of Michigan to fully comply with the federal No Child Left Behind (NCLB) Act.
- Improved measurement of high school student achievement through prompt and effective implementation of recently enacted legislation to replace the Michigan Education Assessment Program (MEAP) test with a college entrance type exam beginning in the 2006–2007 school year.
- Improving preparation and creating high expectations for students to attend and complete higher education to meet the skill needs of a 21st century workforce.
- Empowering families by further expanding parental choice of schools.
- Eliminating the arbitrary cap on the numbers of public school academies that can be chartered by state universities.

**WHY?**

Our economic competitiveness is heavily dependent upon making sure that public schools do a better job educating our children.

**RANKING OF STATES BASED ON ACADEMIC ACHIEVEMENT**

STATE	RANK	STATE	RANK	STATE	RANK
Minnesota	1	Alaska	18	Oklahoma	35
Wisconsin	2	Missouri	19	California	36
Massachusetts	3	Utah	20	Illinois	37
New Hampshire	4	New Jersey	21	West Virginia	38
Iowa	5	Arizona	22	Kentucky	39
Montana	6	Maine	23	Tennessee	40
Vermont	7	Maryland	24	Texas	41
Washington	8	Indiana	25	South Carolina	42
Kansas	9	New York	26	Arkansas	43
South Dakota	10	Idaho	27	Hawaii	44
Oregon	11	Nevada	28	Florida	45
Nebraska	12	Colorado	29	Georgia	46
Wyoming	13	<b>Michigan</b>	<b>30</b>	Alabama	47
North Dakota	14	North Carolina	31	Louisiana	48
Connecticut	15	Pennsylvania	32	New Mexico	49
Ohio	16	Rhode Island	33	Mississippi	50
Virginia	17	Delaware	34	District of Columbia	51

SOURCE: A Report Card on American Education: A State-by-State Analysis, 1981–2003, American Legislative Exchange Council.



## ENERGY

ENERGY

**ISSUE:** The Availability, Reliability and Cost of Energy for Homeowners and Job Providers

**CHAMBER MEMBERS ADVOCATE:**

- Congressional action in 2005 to enact a comprehensive national energy strategy to encourage domestic oil and gas exploration, add refinery capacity, support research and development of clean coal electric generating technologies, improve electric power transmission reliability, promote conservation, provide grants for research on renewable energy sources, and remove regulatory and financial barriers to the licensing and construction of new electric generating facilities, including nuclear power.
- Development of a long-term regulatory strategy to ensure that Michigan maintains a reliable supply of power in the future by encouraging the development of new base-load electric generation facilities in our state. This strategy should include input from many stakeholders and encourage development of generation that relies on a diverse mix of fuels.
- Basing electric rates for all customers, including residential, on cost of service. The State of Michigan must take steps to eliminate rate subsidization by industrial and commercial customers.
- Regulatory action through the Public Service Commission to answer questions and resolve issues relating to implementation of Public Act 141 of 2000, Michigan's Customer Choice and Electric Reliability Act.
- Legislative hearings to continue to assess the economic impact of electric utility restructuring in Michigan and benchmark the availability of choice, reliability and cost of electricity in Michigan with other states.
- Opposing alternative fuel or renewable energy mandates that increase the cost of energy and distort markets.
- Allowing state government to approve the construction of public utilities in the right-of-way of state or federal highways without local government consent.

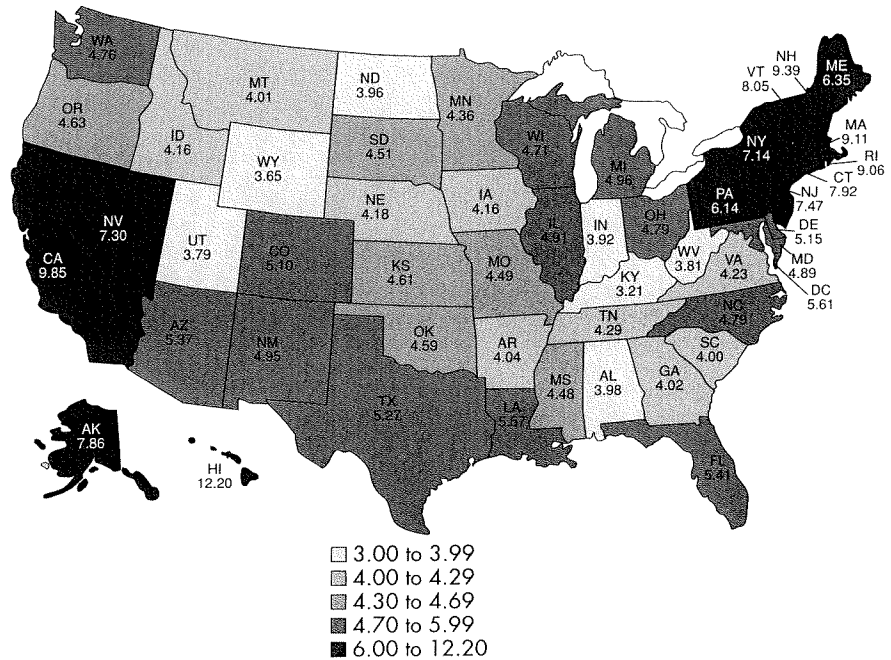
**WHY?**

As a northern industrial state with over 10 million residents, the availability, reliability, and cost of energy for Michigan's homeowners and job providers is a key factor in terms of our economic competitiveness.



# U.S. ELECTRICAL INDUSTRY AVERAGE RETAIL PRICE OF ELECTRICITY BY STATE, 2003 (cents per kWh)

*U.S. industrial average price per kWh is 5.13 cents.*



SOURCE: Energy Information Administration, Form EIA-861, "Annual Electric Power Industry Report."



## ENVIRONMENTAL QUALITY

### ENVIRONMENTAL QUALITY

**ISSUE:** Environmental Decision-Making

**CHAMBER MEMBERS ADVOCATE:**

- Establishing a scientific advisory board that could be called upon by the Legislature to provide technical expertise on matters relating to environmental protection and natural resource management.
- Prohibiting operational memos that impose regulatory burdens without first processing those memoranda through the rulemaking process to ensure that they do not exceed the statutory authority provided by law.
- Conducting performance audits of environmental regulatory programs to ensure that maximum efficiency is being achieved.
- Supporting the continuation of the Department of Environmental Quality's Environmental Advisory Council (EAC) established in 2003. The EAC provides valuable expertise to the Department from a broad range of stakeholders. The EAC should remain as it is presently constituted with no formal decision-making authority.
- Opposing creation of an "Environmental Quality Commission" that would allow non-elected appointees to set policy, unnecessarily delay and complicate the permitting process, and lessen accountability for departmental performance by removing a Governor's authority to appoint the director.
- Opposing state mercury regulations that are more restrictive than federal standards unless the benefit can be demonstrated through sound science and a cost-benefit analysis. A stringent and costly state mercury regulation that does not provide measurable environmental and health benefit will put Michigan at a competitive disadvantage.

**WHY?**

To maximize competitiveness, job providers need certainty in the regulatory process. New environmental regulations must be based on the best available science. Rules and regulations must go through a formal process and an opportunity for input must be available to a broad range of stakeholders.

**ISSUE:** Environmental Fees**CHAMBER MEMBERS ADVOCATE:**

- Maintaining legislative oversight of environmental permit fees by determining fees in statute.
- Ensuring that the amount of fees charged does not exceed the reasonable cost of processing permit applications.
- Requiring that fees include performance guarantees to ensure that permit applications are processed in a timely manner.
- Opposing automatic annual increases in fees. Indexing undermines legislative oversight and leads to unnecessary increases in the size and cost of government.

**WHY?**

Environmental protection is an important issue for both the general public and Michigan's job providers. Chamber members are willing to pay fees that have a direct link to the cost of necessary government services. However, the business community should not be required to carry the entire financial burden for all environmental protection programs and projects nor should employers be required to subsidize other programs and initiatives.

**ISSUE:** Water Resources**CHAMBER MEMBERS ADVOCATE:**

- Providing for protection of the Great Lakes from harmful out-of-basin diversions through clarification of existing protective structures (Water Resources Development Act and the Great Lakes Charter, for instance) and strengthening these mechanisms with additional measures as necessary.
- Supporting the activities of the Groundwater Advisory Council established under PA 148 of 2003. Additional state groundwater regulation should not be considered until the Council has completed its evaluations and issued its recommendations.
- Establishing reasonable water use requirements where necessary that are based on the level of risk to the water resource. Characteristics of risk may be associated with the type of aquatic system from which water is withdrawn, the location of withdrawal and/or time associated with water use.

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- Opposing the July 19th 2004 draft of the Annex 2001. The Michigan Chamber does not support allowing other Great Lakes states to have binding decision-making authority over consumptive uses of water in Michigan. The combination of an uncertain decision-making process and time delays would make Michigan a less desirable place for job providers.
- Opposing any permit system that is not based on sound science and that would unnecessarily drive up costs for water users. The requirements of the proposed Water Legacy Act would impose an undue financial burden on thousands of water users.

### WHY?

Michigan's economy is heavily dependent on the availability and access to water resources. It is critical that the Great Lakes are protected from harmful diversions to help ensure that water and jobs remain in Michigan. At the same time, any further regulation of groundwater resources must balance the need for resource protection with the need to grow our economy.

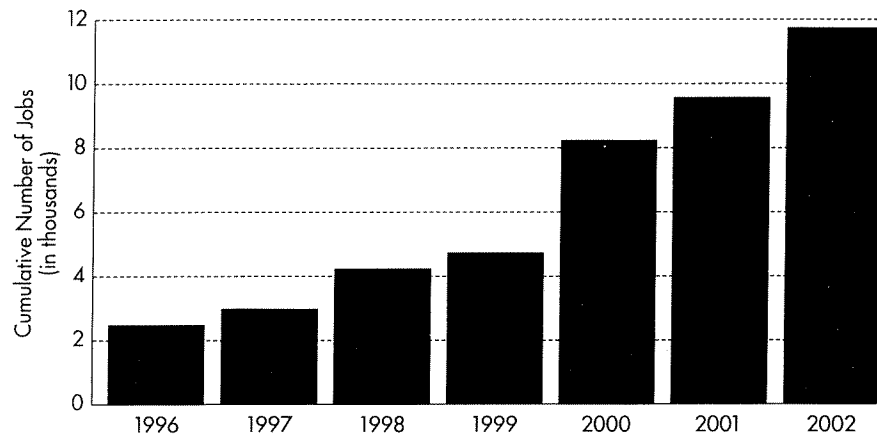
**ISSUE:** Land Use

### CHAMBER MEMBERS ADVOCATE:

- Increasing certainty in the Brownfield Tax Credit process by making those credits of \$200,000 or less self implementing. This will help to encourage the redevelopment of contaminated properties.
- Continuing support for Michigan's existing cleanup standards and liability provisions contained in Part 201 of the Natural Resources and Environmental Protection Act. Causation liability and risk-based cleanup standards are essential components for a successful Brownfield cleanup program.
- Developing policies that encourage regional cooperation for planning and land use, including developing new revenue-sharing approaches.
- Establishing "redevelopment readiness" standards to allow local units of government to be measured on performance and promote their ability to compete for private redevelopment investment.
- Supporting efforts to increase market options for housing within a local market. Developers should be given the opportunity to increase density in order to preserve open spaces.
- Opposing providing new regulatory powers to local units of government that are designed to increase the cost of development, such as impact fees and urban growth boundaries. Existing land use problems are not caused by a lack of local government rules and ordinances.



### NUMBER OF JOBS CREATED AT BROWNFIELD PROPERTIES 1996-2002



SOURCE: *State of Michigan's Environment 2003*, Second Biennial Report.

ENVIRONMENTAL QUALITY

### WHY?

Over the last several years, Michigan has been consuming land at a higher rate than the population growth. To improve development patterns, protect critical land-based industries (forestry, agriculture, tourism), and enhance overall quality of life, land use practices should be encouraged. Reasonable land use legislation should rely on the principles of protecting private property rights and allowing market forces to work.

### ISSUE: Solid Waste and Recycling

#### CHAMBER MEMBERS ADVOCATE:

- Developing a purposeful, incremental statewide strategy of waste reduction, recycling and litter control that will achieve cost-effective results, including market development.
- Allowing local communities to decide on reasonable local funding methods to support local recycling and waste reduction efforts, including revisions to the Urban Cooperation Act.
- Opposing additional bans on items from landfills unless economically viable alternative disposal methods exist.
- Opposing a statewide solid waste tax (tipping fee). Such a tax would drive up the cost of doing business in Michigan.

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- Opposing expansion of the bottle law. Expansion of the bottle bill would have a negative impact on Michigan's job providers.

#### WHY?

Recycling is just one measure of how well the State is doing in minimizing the rate at which it generates waste. To improve, a purposeful, incremental strategy needs to be developed which will result in an affordable, cost-effective and efficient program to encourage Michigan residents and businesses to reduce waste generation and increase recycling.

#### ISSUE: Air Quality Standards

#### CHAMBER MEMBERS ADVOCATE:

- Congressional passage of Clear Skies legislation to significantly improve environmental quality and provide regulatory certainty to the electric industry that allows for the orderly development of new generation.
- Requiring air permits to be issued within specific time frames. Major permits should be completed within six months; minor permits should be completed within 115 days.
- Authorizing the use of private sector contractors to facilitate the permit review process. Private sector consultants could help stabilize workforce needs of the Department of Environmental Quality (DEQ) and create a new high-tech job market for the private sector.
- Replacing Michigan's Air Toxic Review program with federally-approved Maximum Achievable Control Technology standards. Such a change could dramatically reduce the time it takes to receive a permit while protecting public health with national recognized standards.
- Adopting a State Implementation Plan (SIP) that provides the most cost-effective and balanced air pollution control measures and minimizes impacts on job providers. In all cases, job providers should have the opportunity to review measures that may be included in the State Implementation Plan.

#### WHY?

Many factors influence business location decisions. One key factor that can be controlled by state government is Michigan's overall regulatory climate. Both the timeliness and certainty of obtaining permits can have a major impact on investment decisions. The time it takes to receive an air permit to construct should be shortened to help enhance Michigan's overall business climate.





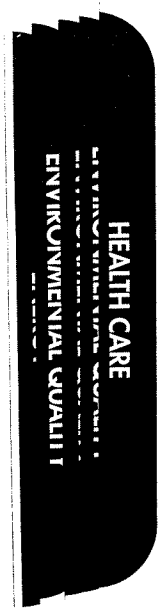
## HEALTH CARE

**ISSUE:** Reducing Health Care Costs; Addressing the Affordability and Availability of Private Health Insurance; and Recognizing that Health Care is a Major Economic Driver, Critical to Attracting, Recruiting and Retaining Businesses

**CHAMBER MEMBERS ADVOCATE:**

- Eliminating the state tax (SBT) on employer-provided health benefit plans.
- Supporting state and federal efforts to hold down employer-provided health care cost increases and expand competition and choice in the marketplace while developing alternatives for individually-owned health coverage.
- Opposing any new health care mandates that undermine employers' ability to provide health insurance coverage to employees at a reasonable cost.
- Supporting the implementation of a cost/benefit review process for existing and proposed health care mandates, and establishing a moratorium on any new mandates.
- Promoting consumer-driven health plans and improving employee and consumer education.
- Supporting efforts to level the playing field for Michigan retail pharmacists by repealing the current statutory provision that prohibits them from filling and dispensing prescriptions received via mail.
- Reducing health care cost subsidization by improving provider reimbursement by government entities and programs.
- Supporting the Certification of Need (CON) program and Commission insofar as it benefits consumers, providers and purchasers of health services through affordability, accessibility and quality.
- Supporting the voluntary, confidential reporting of medical errors to help in developing practical solutions to recurring problems in the health care system and promoting better health outcomes for patients and greater consensus on best practices.

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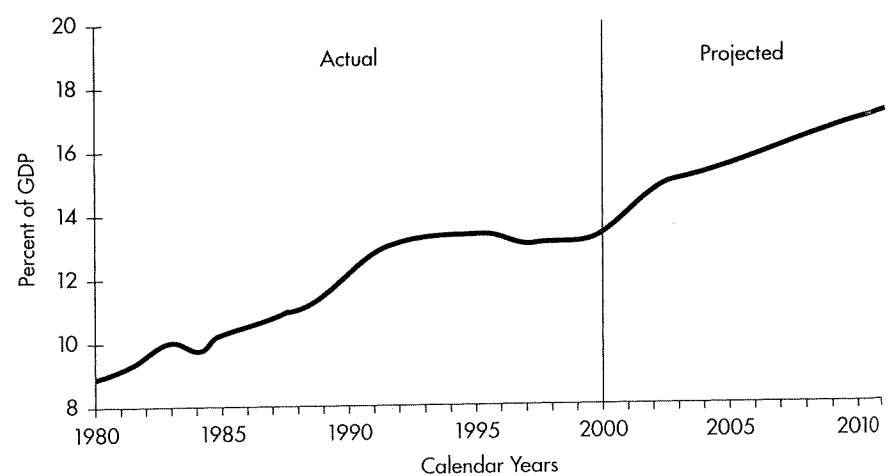


### WHY?

The Michigan Chamber believes true health care cost containment cannot be achieved if the focus is on price controls and government interference in employers' health care decisions. Rules and regulations already on the books have driven up costs and reduced choices; more of the same kind of regulation will only produce more of the same result. The Michigan Chamber believes legislators should focus their time and energy on implementing market-friendly and consumer-driven reforms that eliminate regulations that increasingly hurt businesses, drain their employees' wallets, and add to the number of uninsured individuals statewide.

#### NATIONAL HEALTH EXPENDITURES AS A SHARE OF GROSS DOMESTIC PRODUCT (GDP)

*Between 2001 and 2011, health spending is projected to grow 2.5 percent per year faster than GDP, so that by 2011 it will constitute 17 percent of GDP.*



SOURCE: CMS, Office of the Actuary, National Health Statistics Group.



## HUMAN RESOURCES

**ISSUE:** Preventing Legislative Initiatives That Interfere With Michigan Employers' Ability to Operate Free of Uncompetitive Government Regulations and Workplace Mandates

### CHAMBER MEMBERS ADVOCATE:

- Opposing efforts to increase the current level of unemployment insurance benefits (UI), and opposing efforts to increase unemployment benefits unless offset by cost savings reforms, such as establishing a one-week waiting period; strengthening re-qualification requirements for claimants who voluntarily quit, are discharged for misconduct, etc.; strengthening seeking work requirements; and lowering the minimum UI tax rate for employers who have had no benefits charged to their account for five years or more.
- Opposing efforts to expand unemployment benefits beyond their original intent of providing a bridge for employees who lose their job due to no fault of their own and are actively seeking re-employment.
- Addressing State Unemployment Tax Act Dumping, or "SUTA Dumping," to comply with the requirements set under federal law.
- Opposing any increase in workers' compensation benefits, and creating common sense standards for adjudicating questionable claims, such as stress and psychological claims.
- Maintaining general fund financial support for the Bureau of Workers' Disability Compensation and opposing any efforts to shift the cost of operating the Bureau to employers by establishing a new tax, fee or surcharge on workers' compensation.
- Opposing wage controls, including local minimum, living and prevailing wage ordinances, and indexing of the minimum wage.
- Opposing mandatory ergonomics standards while supporting voluntary and cooperative efforts between labor and management to promote safety in the workplace.
- Opposing any state efforts to block the U.S. Department of Labor's updated Fair Labor Standards Act (FLSA) overtime regulations, such as a higher state standard for overtime pay.

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## 2005–2006 LEGISLATIVE PRIORITIES

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### LIVING IN A GLOBAL WORLD HUMAN RESOURCES

- Protecting the rights of employers to monitor employee communications, and the utilization of equipment and supplies provided by the employer.
- Opposing legislative efforts that interfere with an employer's ability to make management and staffing decisions.

#### WHY?

In today's volatile economy, fair and affordable unemployment and workers' compensation programs are more important than ever. In 2003, Michigan employers paid out more than \$1.989 billion in unemployment insurance (UI) benefits and over \$1.5 billion in workers' compensation benefits in 2002. One hundred percent of these benefits are financed by employers; therefore, the Michigan Chamber believes any reforms to the UI or workers' compensation systems should balance the needs of the employees and employers.

The Michigan Chamber believes employers should have the flexibility to manage their workforce and employees' needs—with limited governmental involvement or regulation. For this reason, we oppose governmental interference in market wages and oppose efforts that erode an employer's right to monitor communications and manage workplace safety issues.



## LAWSUIT ABUSE

**ISSUE:** Preventing Lawsuit Abuse to Reduce Unnecessary Litigation and Legal Expenses to Michigan Consumers

**CHAMBER MEMBERS ADVOCATE:**

- Supporting current Michigan laws pertaining to medical liability and products liability.
- Preserving Michigan's No-Fault insurance system and opposing attempts to reduce the tort liability threshold or increase the benefit or coverage thresholds.
- Supporting reform of the asbestos liability system.

**WHY?**

The Michigan Chamber believes the medical and products liability reforms that were enacted by the Legislature in the 1990s have been effective in curtailing lawsuit abuse, helpful in retaining physicians to practice in Michigan, and have focused court and financial resources on legitimate cases. For similar reasons, the Michigan Chamber is opposed to any legislative attempts to erode Michigan's No-Fault insurance system. We believe the state's No-Fault law combines comprehensive personal injury protection benefits with the most effective limitation on tort liability of any no-fault law in the nation.

Finally, the Michigan Chamber believes asbestos liability cases are having a serious economic effect on many businesses. The cost of unchecked asbestos litigation is expected to reach \$200 billion. Already, the number of asbestos claims filed has exceeded 600,000 and may reach as high as 2.5 million. While there are many legitimate asbestos claimants, there are also a staggering number of "inventory" claimants, who are claimants that are not ill, but fear they may become ill in the future. The magnitude of this litigation has caused the U.S. Supreme Court to take the unusual action of calling on Congress to pass a legislative remedy. This litigation has a direct impact on many Michigan companies, and tens of thousands of Michigan workers.



## SCHOOL RESTRUCTURING

**ISSUE:** Restructuring Public Education to Reduce Bureaucracy and Increase Administrative Efficiency

**CHAMBER MEMBERS ADVOCATE:**

- Preserving and protecting the property tax relief and school finance forms approved by the voters in Proposal A of 1994.
- Enacting strong and effective measures in 2005 to reduce and control the cost of public school employee pensions and health care.
- Re-directing limited financial resources to optimize support for public education's core mission of teaching and learning through consolidation, mergers, joint operating agreements, merit pay, and dramatically modified business processes including contracting out for non-instructional activities such as transportation, food service, and maintenance.
- Reducing the high cost of school infrastructure by exempting K–12 and higher education construction projects from the state's Prevailing Wage Act.
- Reducing administrative overhead in K–12 education by consolidating and eliminating intermediate school districts.
- Simplifying and updating the legal framework for labor/management relations in K–12 education by repealing Michigan's ineffective and obsolete Teacher Tenure Act and prohibiting compulsory union membership.
- Revising the certification process to eliminate barriers to entry for qualified professionals and broaden the pool of applicants for teaching positions, particularly in areas of math and science.

### WHY?

Over the past decade, Michigan has made a huge financial investment in our children's education without corresponding improvement in student achievement.

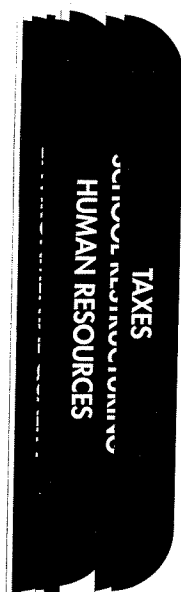
For example, in January, 2005, the American Legislative Exchange Council (ALEC) released its 11th edition of the "Report Card on American Education: A State-by-State Analysis: 1981–2003." The ALEC study ranks Michigan 30th in the nation based on academic achievement, while showing our state is 11th in expenditures per pupil (\$8,678 in Michigan v. \$7,557 national average) and 5th in average annual salary of instructional staff (\$52,037 in Michigan v. \$44,604 national average).



The ALEC study and other data clearly show that Michigan cannot simply spend its way to higher student achievement. The current debate over the NCLB and education funding must move past the traditional focus on educational inputs, such as increasing per-pupil expenditures and raising teacher salaries, to bold policy initiatives that increase accountability, expand choice, foster competition, and direct more human and financial resources into the classroom.



## 2005-2006 LEGISLATIVE PRIORITIES



### TAXES

**ISSUE:** Cost of Government

**CHAMBER MEMBERS ADVOCATE:**

- That the appropriations process should not drive tax policy decisions.
- Against raising taxes or fees to balance the state budget.
- Support for efforts to improve government operational effectiveness.
- Maintaining legislative oversight of state spending and user fees. The Chamber is opposed to constitutional or statutorily authorized automatic annual increases in state spending and user fees.
- Providing working families and job providers tax relief that benefits a wide class of taxpayers.

**WHY?**

During the recent economic slowdown, the State of Michigan experienced budget shortfalls due to spending that exceeded revenues. Chamber members strongly believe the best way to control the cost of government is to improve government efficiency, implement cost-saving reform measures and reduce spending, instead of new taxes, tax increases, or fees. Numerous studies have shown that Michigan continues to be above the national average in tax burden on individuals and businesses. Michigan must foster economic growth by allowing taxpayers to keep more of the money they earn and by providing a more competitive tax climate to encourage savings and investment.

**ISSUE:** Single Business Tax (SBT)

**CHAMBER MEMBERS ADVOCATE:**

- Existing provisions or proposed changes that will make Michigan a more competitive place to retain and create jobs.
- Lowering the Single Business Tax rate.
- Opposing any expansion of the Single Business Tax base.
- Opposing replacement of the SBT with a business income tax or gross receipts tax.



**WHY?**

In 2002, the Governor and Legislature agreed to halt promised reductions in the SBT rate to help balance the state budget. However, according to the state's own Michigan Department of Treasury Report, Michigan's SBT still ranks 5th highest in state corporation taxes per capita and as a percentage of personal income when compared to corporate income taxes in other states. The SBT rate must be reduced to reach a level of competitiveness and to encourage business investment, job retention, and job creation in the State of Michigan.

**ISSUE:** Property Taxes

**CHAMBER MEMBERS ADVOCATE:**

- Eliminating, or substantially reducing, the personal property tax.
- Preserving, protecting, and expanding upon the reforms of Proposal A and the Headlee Amendment, and opposing measures that circumvent the intent of these voter-approved tax limitation amendments.
- Require voter approval of certain local special assessments.

**WHY?**

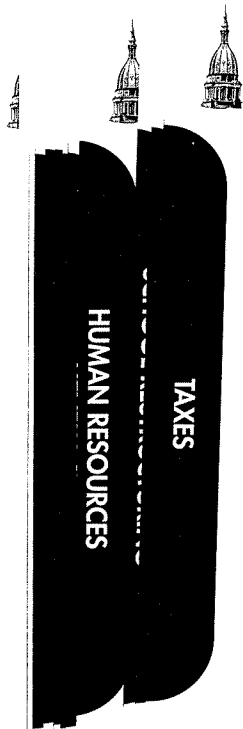
Proposal A has been largely successful in its two fundamental goals: reducing out-of-control property taxes for school operating purposes and narrowing the gap between low and high spending school districts. However, Michigan's property tax burden remains high compared to other states. Michigan must make personal property tax relief a priority. This tax on business machinery and equipment, furnishings, and office equipment is an administrative burden and a disincentive to capital investment, job retention and job creation. Michigan must not return to double-digit property tax increases by changing, or circumventing the intent of, Proposal A or the Headlee Amendment. Furthermore, the Headlee Blue Ribbon Commission examined the misuse of special assessments and recommended many of them be subject to various taxpayer protections.

**ISSUE:** Sales, Use, and Excise Taxes

**CHAMBER MEMBERS ADVOCATE:**

- Opposing any further increase in the sales, use, and excise tax rates on goods and services currently subject to tax.

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## 2005-2006 LEGISLATIVE PRIORITIES

- Opposing the levying of sales, use or excise taxes by any local tax jurisdiction.
- Opposing the levying of sales, use or excise taxes on any services not currently subject to tax.
- Legislation or administrative action to resolve numerous problems with implementation of the Streamlined Sales Tax Project and unreasonable audit practices.
- Opposing efforts by the Michigan Department of Treasury to transition Michigan from a "vendor liability" state into a "consumer's liability" state.
- Supporting administrative or legislative changes to allow taxpayers to obtain refunds of overpaid sales tax from the state.

### WHY?

Michigan sales tax continues to provide a substantial source of revenue to state government, especially since voters approved a 50-percent increase in the Michigan sales tax rate as part of Proposal A. Chamber members strongly believe that any increase in the sales tax rate, expansion of sales to services or allowing local jurisdictions to levy sales, use or excise taxes will hurt our state's economic competitiveness, encouraging individuals and job providers to purchase goods and services outside of Michigan. Furthermore, Michigan's entry into the Streamlined Sales Tax Project must be continually monitored to ensure Michigan's deductions, exemptions, and operational framework are not sacrificed in the name of nationwide uniformity and simplification.

**ISSUE:** Unclaimed Property

### CHAMBER MEMBERS ADVOCATE:

- Supporting legislation to improve the state's business climate by revising and updating Michigan's Uniform Unclaimed Property Act.

### WHY?

The tracking and reporting of unclaimed property requires a surprising and unreasonable amount of time and paperwork for Michigan's job providers and represents a substantial hidden cost of doing business.

**ISSUE: Strengthening Taxpayer Rights****CHAMBER MEMBERS ADVOCATE:**

- Opposing retroactive tax increases resulting from law changes, changes in policy or court decisions.
- Supporting a provision for interest to be paid on overpayments in the same manner and at the same rate as interest is currently assessed on underpayments.
- Eliminating the requirement that taxpayers must pre-pay disputed non-property taxes if they are seeking redress in the Court of Claims.
- Improving taxpayer access to the Department of Treasury policies and rules that generally communicate policy and statutory interpretations, and opportunities for interactive dialogue between Treasury and taxpayer advisory groups.
- Opposing the use of third-party auditors, whether flat fee or contingent fee. The use of these types of auditors presents a conflict of interest, poses serious questions of confidentiality, due process and equal protection under law.
- Allow taxpayers to settle tax disputes, including but not limited to mistakes, errors, and omissions, at the administrative level with appropriate safeguards, prior to going to court.

**WHY?**

Both the tax burden and the manner in which tax laws are enforced, are critical to improving Michigan's competitive standing. Unfortunately, Michigan carries the distinction of being perceived as a difficult tax "environment" within which to conduct business. A 2004 CFO magazine survey of tax professionals ranked Michigan in the 10 worst states in terms of tax aggressiveness. This can negatively influence the decisions to locate, retain or expand jobs in Michigan. Removing obstacles to tax administration fosters compliance. Predictability and fairness are the backbone of a cooperative tax environment. The Michigan Chamber advocates for fair procedures and fair policy.

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## 2005-2006 LEGISLATIVE PRIORITIES

### HUMAN RESOURCES

### TAXES

#### ISSUE: Tax Restructuring

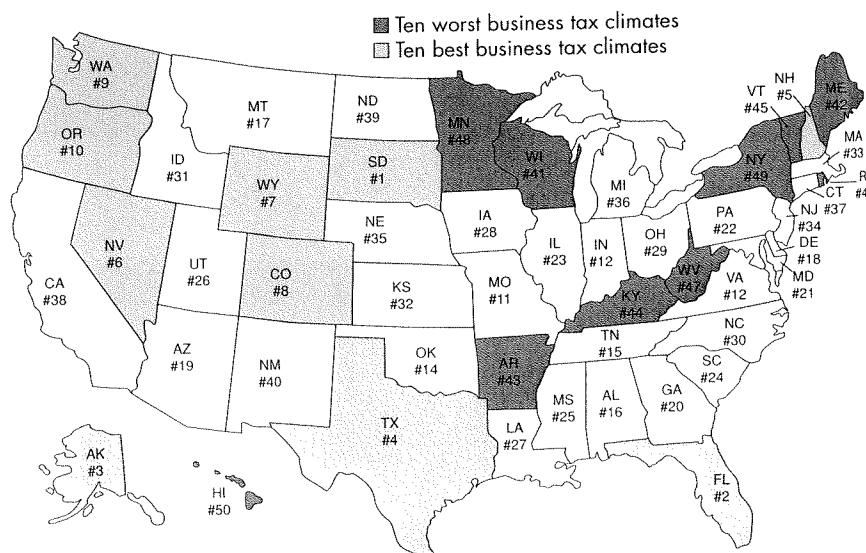
#### CHAMBER MEMBERS ADVOCATE:

- No tax restructuring without state and local government restructuring.
- Any tax restructuring discussion must be a deliberative process allowing for input from the business community.
- If the Legislature and administration choose to move forward on tax restructuring, they must allow appropriate time for employers to adapt their practices and procedures to cope with any new laws.
- Oppose legislative expansion of local authority for new taxes.

#### WHY?

Recently, the Governor and some lawmakers have expressed an interest in restructuring Michigan's taxes. For many years the Michigan Chamber has actively supported efforts to lower the tax burden for all job providers. To ensure future fiscal responsibility, any tax restructuring must be accompanied by government restructuring. Furthermore, allowing taxpayers ample time to understand and respond to the financial implications of any major change in tax policy is critical to proper implementation and compliance.

#### STATE BUSINESS TAX CLIMATE INDEX, 2004



**NOTE:** Virginia and Indiana were the only states with identical scores. Both rank 12th, and the next state ranks 14th.

**SOURCE:** "State Business Tax Climate Index," Background Paper, Tax Foundation, October 2004, No. 45.



## TECHNOLOGY AND TELECOMMUNICATIONS

TECHNOLOGY AND TELECOMMUNICATIONS

**ISSUE:** State Government's Role in Regulating and Encouraging the Development of Michigan's Telecommunications Industry

### CHAMBER MEMBERS ADVOCATE:

- Encouraging private sector development of Michigan's telecommunications infrastructure through the establishment of a lower tax burden that is more competitive with other states.
- Aligning state regulatory policies with federal policies to ensure that Michigan is competitive with other states in attracting new services, technologies and investments.
- Open and competitive markets with competition between telecommunications service providers being decided in the marketplace instead of the political arena.
- Revising Michigan's Telecommunications Act and the Broadband Development Authority Act to clearly prohibit state and local government competition with private sector service providers for residential or commercial customers.
- A comprehensive review of Michigan's Telecommunications Act before the law sunsets (expires) at the end of 2005 to ensure that: all providers have a reasonable opportunity to compete; the law provides adequate consumer protections; and the statute promotes investment in technology to make a wide range of telecommunication products and services available to customers.

### WHY?

State government's primary role in this rapidly changing and increasingly important area of economic activity should be to foster competition and encourage private sector development of Michigan's telecommunications infrastructure by establishing a minimal level of regulation that is applied fairly to all providers.

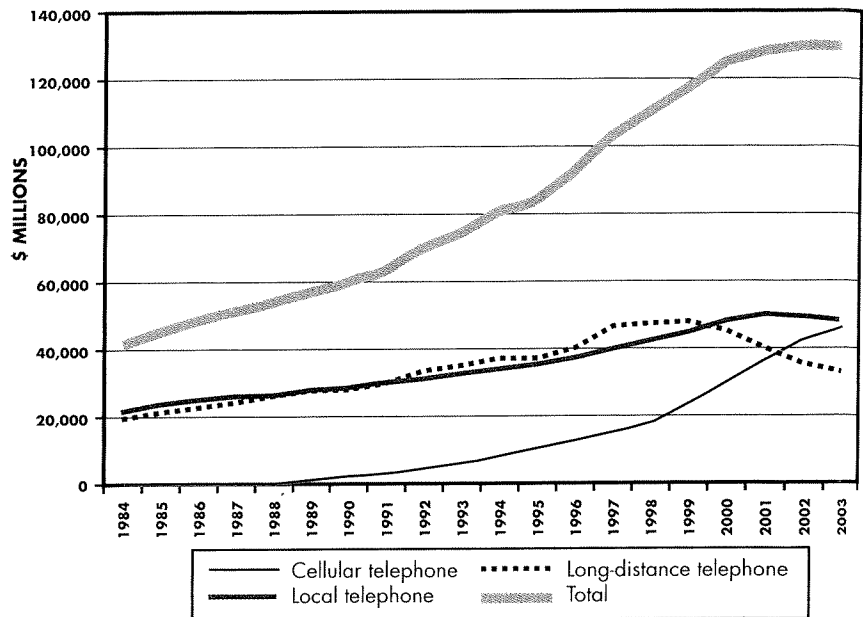
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## 2005-2006 LEGISLATIVE PRIORITIES

### TECHNOLOGY AND TELECOMMUNICATIONS HUMAN RESOURCES

PERSONAL CONSUMPTION EXPENDITURES ON TELECOMMUNICATIONS:  
1984-2003



SOURCE: International Telecommunications Union, adapted from national reports.



## TRANSPORTATION

**ISSUE:** Investing Wisely in Michigan's Transportation System

**CHAMBER MEMBERS ADVOCATE:**

- Federal funding fairness for Michigan. We strongly urge our entire Congressional delegation to work together to take meaningful action on this key issue during 2005. The goal is to increase Michigan's rate of return for highways from 89.5 to 95 cents per dollar. The Chamber also supports more equitable federal funding for public transit in Michigan.
- Increased legislative oversight of state and local government spending on transportation. We encourage and support reasonable legislative efforts to guarantee taxpayers that state and local transportation funding is allocated fairly and in a manner that maximizes efficiency and effectiveness.
- Maintaining accountability for transportation-related taxes and spending by opposing any effort to automatically increase or "index" transportation-related taxes or user fees on an annual basis.
- Evaluating innovative alternatives to current motor fuel taxes, such as tolling, user fees based on miles driven, or public/private partnerships on a case-by-case basis, considering both the cost to motorists and job providers and the return on investment to the State of Michigan.
- Protecting transportation funding by opposing any effort to divert state user fees to non-transportation-related programs and projects.
- Preserving state revenues for state programs and protecting local businesses from economic harm by continuing to oppose any new local motor fuel tax or local sales tax for transportation purposes.
- Creating a new local funding option for road improvements or public transportation purposes by allowing a county to establish motor vehicle registration fee, provided that the fee is approved by voters at a regularly scheduled general election and limited in amount and duration.
- Continued support for outdoor advertising by opposing efforts to ban billboards or impose unreasonable restrictions on their use. The Chamber is also opposed to the related effort to impose a moratorium on rezoning and development of private property along state highways.

TRANSPORTATION

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## 2005–2006 LEGISLATIVE PRIORITIES

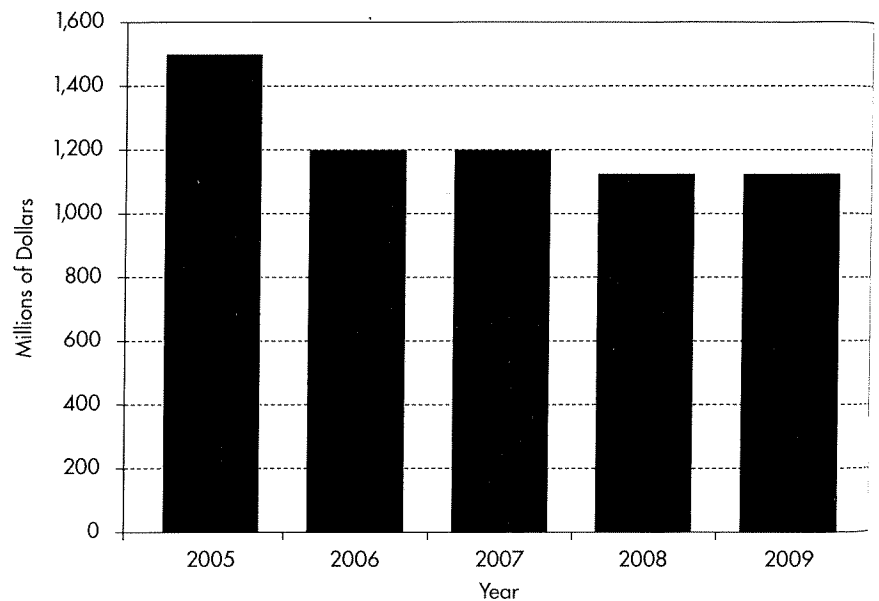
HUMAN RESOURCES

TRANSPORTATION

### WHY?

Maintaining and enhancing our state's transportation infrastructure is a critically important factor impacting on mobility for individuals and the cost of doing business for job providers. Unfortunately, Congress and the White House repeatedly failed to enact legislation last year to address the unfair situation faced by Michigan and other "donor" states that receive less than 90 cents per dollar for each \$1 in gas tax revenue our state sends to Washington, D.C

MDOT 2005–2009 HIGHWAY PROGRAM INVESTMENT LEVELS

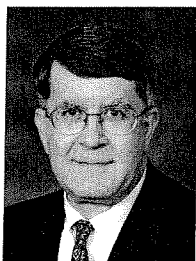


SOURCE: *Final Report*, prepared for Michigan Department of Transportation, January 25, 2005.





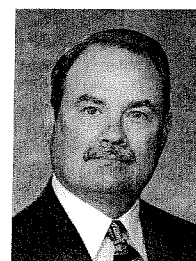
## MICHIGAN CHAMBER LOBBYISTS



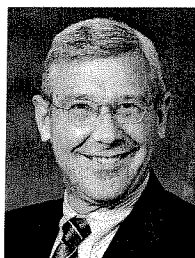
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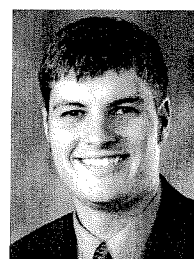
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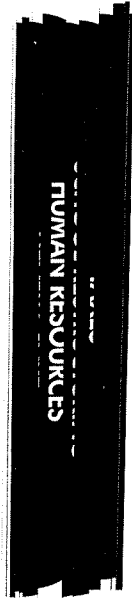


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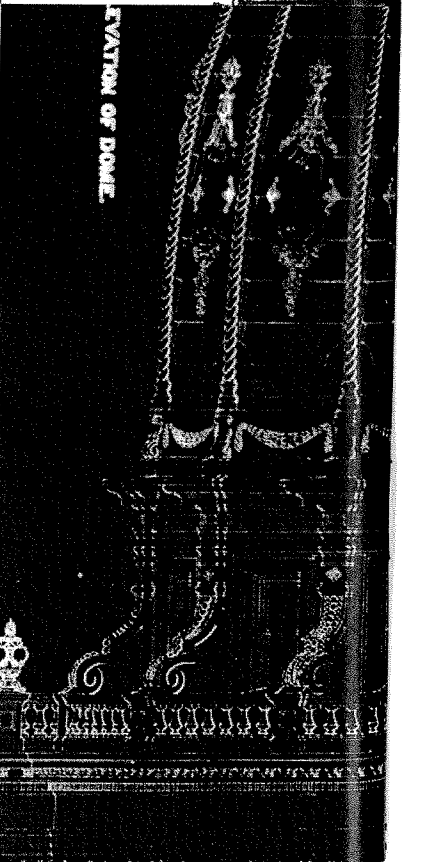
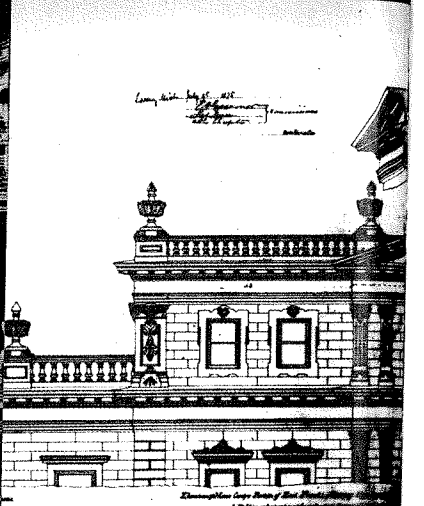
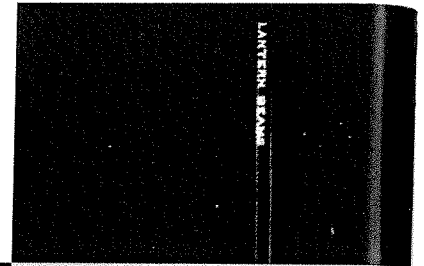
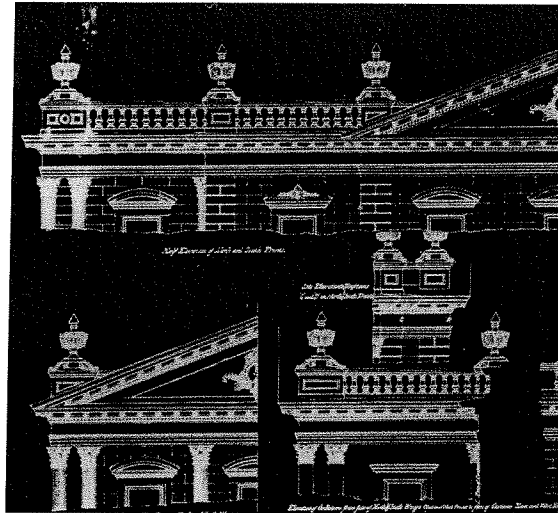
## 2005-2006 LEGISLATIVE PRIORITIES

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MICHIGAN  
CHAMBER  
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**The mission of the Michigan Chamber of Commerce  
is to advocate human progress through an economic, political,  
and social system based on individual freedom, incentive,  
opportunity and responsibility.**



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